



427 SOUTH CHAPELLE
C/O 500 EAST CAPITOL
PIERRE SD 57501-5070
(605) 773-3595
FAX (605) 773-6454

MARTIN L. GUINDON, CPA
AUDITOR GENERAL

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To: Government Operations and Audit Committee

From: Bob Christianson

Subject: Department of Agriculture Indirect Cost Cash balance

During the July 8, 2008 GOAC meeting, the committee reviewed the audit finding that the Department of Agriculture's federal fund had excess cash resulting from indirect cost reimbursements. SDCL 4-4-8 states if that portion of federal funds related to indirect cost reimbursements exceeds \$250,000, the excess is to be transferred to the funds that incurred the indirect cost expenditures. At June 30, 2007 the department had cash totaling \$331,201.19. The department's response was that they utilized four different indirect cost funds within their federal fund which were each individually under \$250,000 and, that federal funding in the future will be more uncertain. The GOAC requested that our office provide an update of the cash balance resulting from indirect cost reimbursements as of June 30, 2008. The cash balance for the four indirect cost funds at June 30, 2008 was \$217,995.44.